



DEPARTMENT OF VETERANS AFFAIRS

8320--01

38 CFR Part 17

RIN 2900-AQ63

Specialty Education Loan Repayment Program

AGENCY: Department of Veterans Affairs.

ACTION: Proposed rule.

SUMMARY: The Department of Veterans Affairs (VA) proposes to amend its regulations that govern scholarship programs to certain health care professionals. This rulemaking would implement the mandates of the VA MISSION Act of 2018 by establishing a Specialty Education Loan Repayment Program, which would assist VA in meeting the staffing needs of VA physicians in medical specialties for which VA has determined that recruitment or retention of qualified personnel is difficult.

DATES: Comments must be received on or before **[insert date 60 days after the date of publication in the FEDERAL REGISTER]**.

ADDRESSES: Written comments may be submitted through <http://www.Regulations.gov>; by mail or hand-delivery to: Director, Office of Regulation Policy and Management (00REG), Department of Veterans Affairs, 810 Vermont Ave., NW., Room 1064, Washington, DC 20420; or by fax to (202) 273-9026. (This is not a toll-free telephone number.) Comments should indicate that they are submitted in response to “RIN 2900-AQ63- Specialty Education Loan Repayment Program.” Copies

of comments received will be available for public inspection in the Office of Regulation Policy and Management, Room 1063B, between the hours of 8 a.m. and 4:30 p.m., Monday through Friday (except holidays). Please call (202) 461-4902 for an appointment. (This is not a toll-free telephone number.) In addition, during the comment period, comments may be viewed online through the Federal Docket Management System (FDMS) at <http://www.Regulations.gov>.

FOR FURTHER INFORMATION CONTACT: Whitney Henderson, Manager, Education Loan Repayment Services, 810 Vermont Avenue, NW, Washington, DC 20420, Whitney.Henderson2@va.gov, (501) 918-3256. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: On June 6, 2018, section 303 of Public Law 115-182, the John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018, or the VA MISSION Act of 2018, amended title 38 of the United States Code (U.S.C.) by establishing new sections 7691 through 7697 and created a new student loan repayment program known as the Specialty Education Loan Repayment Program (SELRP). The SELRP would serve as an incentive for physicians starting or currently in residency programs in medical specialties for which VA has determined that recruitment and retention of qualified personnel is difficult to work for VA at VA facilities that need more physicians with that medical specialty after the individual completes their residency program. VA would determine the anticipated needs for medical specialties during a period of two to six years in the future. In taking this proactive approach, VA

would commence recruitment for physicians in these specialties before the projected need to help ensure adequate health care coverage for VA beneficiaries. This proposed rule would establish the requirements for the SELRP in proposed 38 CFR 17.525 through 17.531.

17.525 Purpose.

Proposed § 17.525 would establish the purpose of the SELRP. We would state that the SELRP is an incentive program for certain individuals to meet VA's need for physicians in medical specialties for which VA determines that recruitment and retention of qualified personnel is difficult. We would also state that assistance under the SELRP may be in addition to other assistance available to individuals under the Educational Assistance Program under 38 U.S.C. 7601. This section would be in alignment with 38 U.S.C. 7691 and 7692.

17.526 Definitions.

Proposed § 17.526 would be the definitions section applicable to §§ 17.525 through 17.530. The term educational loan is defined in § 17.641 for the Program for the Repayment of Educational Loans for Certain VA Psychiatrists (PREL). We would use this definition, with minimal edits by eliminating references to the PREL, to state that the term applies to the SELRP, to maintain consistency in application of similar VA scholarship programs and to ease the implementation of such programs by VA personnel.

We propose to define the term SELRP to mean the Specialty Education Loan Repayment Program established in §§ 17.525 through 17.530.

To define the term State, we would refer to 38 U.S.C. 101(20), or a political subdivision of such a State. We propose to provide this definition to inform the potential participant where the period of obligated service would be performed.

We would also define the term “VA” to mean the Department of Veterans Affairs.

17.527 Eligibility.

Proposed § 17.527 would establish the eligibility criteria for participants of the SELRP. Proposed paragraph (a) would state that to be eligible to participate in the SELRP, an individual will be eligible for appointment under 38 U.S.C. 7401 to work as a physician in a medical specialty for which VA determines that recruitment or retention of qualified personnel is difficult. We would add that in determining staffing needs, VA will consider the anticipated needs of VA for a period of two to six years in the future, and utilize staffing shortage occupation, vacancy data, and national health care workforce and other relevant data in such determinations. VA will publish these vacancies in a notice in the Federal Register on a yearly basis until vacancies are filled. Although sections 7691 to 7697 do not provide for how VA would publish the vacancies or the frequency of such publications, we believe that adding these requirements via regulation would provide for transparency in VA’s needs. See Pub. L. 115-182, Title III, § 303(f). The individual must also owe any amount of principal or interest for an educational loan where the proceeds were used by or on behalf of the individual to pay costs relating to a course of medical education or training that leads to employment as a physician. Lastly, the individual must have graduated from an accredited medical or osteopathic school and matched to an accredited residency program in a medical

specialty designated by VA; or [is] a physician in training with more than 2 years remaining in such training. These requirements are stated in 38 U.S.C. 7693.

Proposed paragraph (b) would provide for instances where an individual applies for the SELRP before there is a posting of a residency match for the individual's medical specialty. See section 303(e) of the VA MISSION Act of 2018. We would state that an applicant may apply for the SELRP before receiving a residency match during the applicant's senior year of medical or osteopathic school. We would add that Once the applicant is matched with a residency specialty stated in § 17.525 and upon selection of the SELRP, VA must offer the applicant participation in the SELRP no later than 28 days after the applicant is matched with the residency; and VA has published the residency in a Notice in the Federal Register. Such notices are published on a yearly basis until vacancies are filled. Although section 7691 does not provide for how VA would publish the residencies or the frequency of such publications, we believe that adding these requirements via regulation would provide for transparency in VA's needs.

Proposed paragraph (c) would state the order of preference for VA to select participants to the SELRP. This order of preference would reflect medically underserved locations where VA has identified a shortage of physicians. We would state that VA would give preference to eligible participants who are, or will be, participating in residency programs in health care facilities that are: Located in rural areas; Operated by Indian tribes, tribal organizations, or the Indian Health Services; or Are affiliated with underserved health care facilities of VA. VA would also give preference to eligible individuals who are veterans. Proposed paragraph (c) would be in alignment with 38 U.S.C. 7693(b).

17.528 Application.

Section 303 of the VA MISSION Act of 2018 did not establish an application procedure for the SELRP. To maintain consistency in the application process of similar VA scholarship programs and to ease the implementation such programs by VA personnel, we would mirror proposed § 17.528 to current § 17.643, Application for the Program for Repayment of Educational Loans for Certain VA Psychiatrists (PREL.) Consistent with § 17.643(a), proposed paragraph § 17.528(a) would state that a complete application for the SELRP consists of a completed application form, letters of reference, and personal statement.

Proposed paragraph § 17.528(b) would state what documents qualify as letters of reference. These documents would be those stated in § 17.643(a), however, we would not include as a reference a letter from the Program Director for the specialty in which the applicant is training, as stated in § 17.643(b)(1), because an applicant for the SELRP cannot apply during their fellowship. We would state in proposed paragraph (b)(1) that a reference includes one letter of reference from the Program Director of the core program in which the applicant is training, which indicates that the applicant is in good to excellent standing, or, for individuals who have yet to initiate training, a letter of reference from a facility member or dean. Proposed paragraphs § 17.528(b)(2) and (b)(3) would restate § 17.643(b)(2) and (b)(3) with minor edits to apply to the SELRP. We would state that references include one or more letters of reference from faculty members under which the applicant trained; and one letter of reference from a peer colleague who is familiar with the practice and character of the applicant.

Proposed paragraph § 17.528(c) would state what constitutes as a personal statement for purposes of the SELRP. We would restate § 17.643(c). We would edit current § 17.643(c)(1)(ii) by requesting that the applicant provide their interest in working at a particular medical specialty and underserved area. This would facilitate placement of the individual in an underserved location that holds interest to the applicant and for which VA has a vacancy in the medical specialty. We would not restate current § 17.643(c)(2)(i) because the applicant may participate in any program under 38 U.S.C. 7601. We would also make one minor edit in from current § 17.643(c)(2)(ii) in proposed paragraph (c)(2)(i) to state that the covered loan must be specific to education that was required, used, and qualified the applicant for appointment as a physician.

17.529 Award procedures.

Proposed § 17.529 would state the award procedures for the SELRP. Proposed paragraph § 17.529(a) would state the repayment amount for the educational loan. We would state in paragraph (a)(1) that VA may pay no more than \$40,000 in educational loan repayment for each year of obligated service for a period not to exceed four years for a total payment of \$160,000.00. The yearly amount may depend on the total amount of the educational loan of the individual. We would add in proposed paragraph (a)(2) that an educational loan repayment may not exceed the actual amount of principal and interest on an educational loan or loans. Proposed paragraph (a) would be in alignment with 38 U.S.C. 7694.

Section 303 of the VA MISSION Act of 2018 did not contain a provision for the payment of the SELRP. To maintain consistency in the application processes for similar

VA scholarship programs and to ease the implementation of such programs by VA, we would mirror the payment provision in § 17.645(b) for the SELRP in proposed paragraph § 17.529(b) with one minor edit. We would change the term depending on the acceptance of conditions to depending on the terms of the agreement to maintain consistency in terminology in the SELRP.

Proposed paragraph § 17.529(c) would provide for a waiver of the maximum amount of repayment of the applicant's educational loans under certain circumstances. We would state that a waiver may be available if VA determines that there is a shortage of qualified employees due to either the location of where the participant will serve the period of obligated service or due to the requirements of the position (medical specialty) that the participant will hold in VA. Proposed § 17.529(c) would include the caveat that the waiver may not exceed the actual amount of the principal and the interest on the participant's loans payable to or for that participant. This proposed paragraph (c) would be in alignment with 38 U.S.C. 7694(c)(2).

17.530 Agreement and obligated service.

Proposed § 17.530 would contain the requirements in the agreement that an applicant must sign and the terms of obligated services that are required as participants of the SELRP. As a condition of participating in the SELRP, and participant must agree, in writing, to the conditions stated in proposed paragraph (a). These conditions are a restatement of 38 U.S.C. 7696(a). We would state that a participant must obtain a license to practice medicine in a State; Successfully complete post-graduate training leading to eligibility for board certification in a medical specialty; Serve as a full-time clinical practice employee of VA for 12 months for every \$40,000.00 that the participant

receives payment for the SELRP, however, the participant must serve for a period of no fewer than 24 months; and Except as provided in paragraph (b) of this section, begin obligated service as a full-time VA employee no later than 60 days after completing residency in the medical specialty described in § 17.527(a)(1).

Section 303 of the VA MISSION Act of 2018 did not provide a provision for when the participant's obligated service would begin. We believe that establishing such provision via regulation would be helpful to the applicant in knowing the expectations of the SELRP up front. We would mirror proposed paragraph § 17.530(b)(1) to § 17.646(a) by stating that a participant's obligated service will begin on the date on which the participant begins full-time, permanent employment with VA in the field of medicine in a location determined by VA. Obligated service must be full-time, permanent employment and does not include any period of temporary or contractual employment.

Proposed paragraph (b)(2) would restate 38 U.S.C. 7695 with minor edits. We would state that participants of the SELRP may select from a list of VA medical facilities provided by VA to serve the period of obligated service. In alignment with similar scholarship programs, we would add that VA reserves the right to make final decisions on the location and position of the obligated service. See 38 CFR 17.646(c). VA believes that is necessary to reserve the right to make final decisions on the location to achieve the intent of the VA Mission Act of 2018. VA must be able to have control over where it places the individuals to ensure VA beneficiaries' health care needs are met in locations that are within close proximity of the beneficiaries' residence.

Proposed § 17.530(c) would restate 38 U.S.C. 7696(b) with minor edits for clarity. We would state that if a participant receives an accredited fellowship in a medical specialty other than the medical specialty described in § 17.527(a)(1), the participant may request, in writing, a delayed commencement of the period of obligated service until after the participant completes the fellowship. However, the period of obligated service will begin no later than 60 days after completion of such fellowship in the medical specialty described in § 17.527(a)(1).

17.531 Failure to comply with terms and conditions of agreement.

Proposed § 17.531 would state the consequences for failure to comply with the terms and conditions of the SELRP. This proposed section would mirror 38 U.S.C. 7696(c) with no edits. We would state that a participant of the SELRP who fails to satisfy the period of obligated service will owe the United States government an amount determined by the formula $A = B \times ((T - S) \div T)$, where: “A” is the amount the participant owes the United States government; “B” is the sum of all payments to or for the participant under the SELRP; “T” is the number of months in the period of obligated service of the participant; “S” is the number of whole months of such period of obligated service served by the participant. For example, if a participant agrees to a period of obligated service of 24 months, but only served 12 months and agreed to receive an amount of \$80,000 for 24 months of obligated service, the total amount owed would be calculated as follows: $A = 80,000 \times ((24 - 12) \div 24)$, total amount owed the Federal Government would be \$40,000.

Effect of Rulemaking

The Code of Federal Regulations, as proposed to be revised by this proposed rulemaking, would represent the exclusive legal authority on this subject. No contrary rules or procedures would be authorized. All VA guidance would be read to conform with this proposed rulemaking if possible or, if not possible, such guidance would be superseded by this rulemaking.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) requires that VA consider the impact of paperwork and other information collection burdens imposed on the public. According to the 1995 amendments to the Paperwork Reduction Act (5 CFR 1320.8(b)(2)(vi)), an agency may not collect or sponsor the collection of information, nor may it impose an information collection requirement unless it displays a currently valid Office of Management and Budget (OMB) control number. This proposed rule includes provisions constituting new collections of information under the Paperwork Reduction Act of 1995 that require approval by the OMB. Accordingly, under 44 U.S.C. 3507(d), VA has submitted a copy of this rulemaking action to OMB for review.

OMB assigns control numbers to collections of information it approves. VA may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Proposed § 17.528 contains a collection of information under the Paperwork Reduction Act of 1995. If OMB does not approve the collection of information as requested, VA will immediately

remove the provision containing a collection of information or take such other action as is directed by OMB.

Comments on the collection of information contained in this proposed rule should be submitted to the Office of Management and Budget, Attention: Desk Officer for the Department of Veterans Affairs, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies sent by mail or hand delivery to the Director, Office of Regulation Policy and Management (00REG), Department of Veterans Affairs, 810 Vermont Avenue, NW, Room 1064, Washington, DC 20420; fax to (202) 273-9026; or through www.Regulations.gov. Comments should indicate that they are submitted in response to “RIN 2900-AQ63 - Specialty Education Loan Repayment Program.”

OMB is required to make a decision concerning the collections of information contained in this proposed rule between 30 and 60 days after publication of this document in the Federal Register. Therefore, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment on the proposed rule.

VA considers comments by the public on proposed collections of information in—

- Evaluating whether the proposed collections of information are necessary for the proper performance of the functions of VA, including whether the information will have practical utility;
- Evaluating the accuracy of VA’s estimate of the burden of the proposed collections of information, including the validity of the methodology and assumptions used;

- Enhancing the quality, usefulness, and clarity of the information to be collected; and
- Minimizing the burden of the collections of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

The collections of information contained in § 17.528 are described immediately following this paragraph, under their respective titles. For the new proposed collection of information below, VA used general wage data from the Bureau of Labor Statistics (BLS) to estimate the respondents' costs associated with completing the information collection. According to the latest available BLS data, the mean hourly wage of full-time wage and salary workers was \$101.63 based on the BLS wage code – “29-1069 All Occupations.” This information was taken from the following website:

https://www.bls.gov/oes/current/oes_nat.htm (March 2019).

Title: Specialty Education Loan Repayment Program.

OMB Control No.: 2900-xxxx (new)

CFR Provision: 38 CFR 17. 528

Summary of collection of information: The information required determines the eligibility or suitability of an applicant desiring to participate in the SELRP under the provisions of 38 U.S.C. 7691 through 7697. The purpose of the SELRP would be to repay educational loans to individuals who pursued a program of study leading to a

degree in medicine and who are seeking employment in VA. VA considers this program as a hiring incentive to meet the staffing needs for physicians in medical specialties for which VA determines that recruitment and retention of qualified personnel is difficult.

Description of the need for information and proposed use of information: The information is needed to apply for the SELRP. VA will use this information to select qualified candidates to participate in this program.

Description of likely respondents: Potential participants of the SELRP.

Estimated number of respondents per month/year: 200 per year.

Estimated frequency of responses per month/year: 1 time per year.

Estimated average burden per response: 90 minutes.

Estimated total annual reporting and recordkeeping burden: 80 hours.

Estimated cost to respondents per year: VA estimates the total cost to all respondents to be \$8,130 per year. Legally, respondents may not pay a person or business for assistance in completing the information collection. Therefore, there are no expected overhead costs for completing the information collection.

Regulatory Flexibility Act

The Secretary hereby certifies that this proposed rule would not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601-612. The provisions associated with this rulemaking are not processed by any other entities outside of VA. Therefore, pursuant to 5 U.S.C. 605(b), this rulemaking would be exempt from the initial and final regulatory flexibility analysis requirements of 5 U.S.C. 603 and 604.

Executive Orders 12866, 13563 and 13771

Executive Orders 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, and other advantages; distributive impacts; and equity). Executive Order 13563 (Improving Regulation and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility.

The Office of Management and Budget has designated this rule is not a significant regulatory action under Executive Order 12866. VA's impact analysis can be found as a supporting document at <http://www.regulations.gov>, usually within 48 hours after the rulemaking document is published. Additionally, a copy of the rulemaking and its impact analysis are available on VA's website at <http://www.va.gov/orpm> by following the link for VA Regulations Published from FY 2004 through FYTD.

This proposed rule is not expected to be an EO 13771 regulatory action because this proposed rule is not significant under EO 12866.

Unfunded Mandates

The Unfunded Mandates Reform Act of 1995 requires, at 2 U.S.C. 1532, that agencies prepare an assessment of anticipated costs and benefits before issuing any rule that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for

inflation) in any one year. This proposed rule would have no such effect on State, local, and tribal governments, or on the private sector.

Catalog of Federal Domestic Assistance

There are no Catalog of Federal Domestic Assistance numbers and titles for this rule.

List of Subjects in 38 CFR Part 17

Administrative practice and procedure, Health care, Health facilities, Health professions, Health records, Medical and dental schools, Scholarships and fellowships, Veterans.

Signing Authority

The Secretary of Veterans Affairs, or designee, approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. Pamela Powers, Chief of Staff, Department of Veterans Affairs, approved this document on November 5, 2019, for publication.

Consuela Benjamin,
Regulation Development Coordinator,
Office of Regulation Policy & Management,
Office of the Secretary,
Department of Veterans Affairs.

For the reasons set forth in the preamble, we propose to amend 38 CFR part 17 as follows:

PART 17 – MEDICAL

1. The authority citation for part 17 is amended to read as follows:

Authority: 38 U.S.C. 501, and as noted in specific sections.

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Sections 17.525 through 17.531 are also issued under 38 U.S.C. 7691 through 7697.

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2. Adding an undesignated center heading immediately following § 17.511 and new §§ 17.525 through 17.531 to read as follows.

SPECIALTY EDUCATION LOAN REPAYMENT PROGRAM

17.525 Purpose.

17.526 Definitions.

17.527 Eligibility.

17.528 Application.

17.529 Award procedures.

17.530 Agreement and obligated service.

17.531 Failure to comply with terms and conditions of agreement.

§ 17.525 Purpose.

The purpose of §§ 17.525 through 17.531 is to establish the Specialty Education Loan Repayment Program (SELRP). The SELRP an incentive program for certain individuals to meet VA's need for physicians in medical specialties for which VA determines that recruitment and retention of qualified personnel is difficult. Assistance under the SELRP may be in addition to other assistance available to individuals under the Educational Assistance Program under 38 U.S.C. 7601.

§ 17.526 Definitions.

The following definitions apply to §§ 17.525 through 17.530.

Educational loan means a loan, government or commercial, made for educational purposes by institutions that are subject to examination and supervision in their capacity as lending institutions by an agency of the United States or of the state in which the lender has its principal place of business. Loans must be for the actual costs paid for tuition, and other reasonable educational expenses such as living expenses, fees, books, supplies, educational equipment and materials, and laboratory expenses. Loans must be obtained from a government entity, a private financial institution, a school, or any other authorized entity stated in this definition. The following loans do not qualify for the SELRP:

- (1) Loans obtained from family members, relatives, or friends;
- (2) Loans made prior to, or after, the individual's qualifying education;
- (3) Any portion of a consolidated loan that is not specifically identified with the education and purposes for which the SELRP may be authorized, such as home or auto loans merged with educational loans;

(4) Loans for which an individual incurred a service obligation for repayment or agreed to service for future cancellation;

(5) Credit card debt;

(6) Parent Plus Loans;

(7) Loans that have been paid in full;

(8) Loans that are in default, delinquent, not in a current payment status, or have been assumed by a collection agency;

(9) Loans not obtained from a bank, credit union, savings and loan association, not-for-profit organization, insurance company, school, and other financial or credit institution which is subject to examination and supervision in its capacity as a lending institution by an agency of the United States or of the state in which the lender has its principal place of business;

(10) Loans for which supporting documentation is not available;

(11) Loans that have been consolidated with loans of other individuals, such as spouses, children, friends, or other family member; or

(12) Home equity loans or other non-educational loans.

SELRP means the Specialty Education Loan Repayment Program established in §§ 17.525 through 17.530.

State means a State as defined in 38 U.S.C. 101(20), or a political subdivision of such a State.

VA means the Department of Veterans Affairs.

§ 17.527 Eligibility.

(a) General. An individual must meet the following requirements to be eligible to participate in the SELRP.

(1) Will be eligible for appointment under 38 U.S.C. 7401 to work as a physician in a medical specialty for which VA determines that recruitment or retention of qualified personnel is difficult. In determining staffing needs, VA will consider the anticipated needs of VA for a period of two to six years in the future. VA will publish these vacancies in a notice in the Federal Register on a yearly basis until vacancies are filled.

(2) Owes any amount of principal or interest for an educational loan where the proceeds were used by or on behalf of the individual to pay costs relating to a course of medical education or training that leads to employment as a physician and;

(3) Is:

(i) Recently graduated from an accredited medical or osteopathic school and matched to an accredited residency program in a medical specialty designated by VA; or

(ii) A physician in training with more than 2 years remaining in such training.

(b) Applicants without a residency match. An applicant may apply for the SELRP before receiving a residency match during the applicant's senior year of medical or osteopathic school. Once the applicant is matched with a residency specialty stated in § 17.525 and upon selection of the SELRP, VA must offer the applicant participation in the SELRP no later than 28 days after

(1) The applicant is matched with the residency; and

(2) VA has published the residency in a Notice in the Federal Register. Such notices are published on a yearly basis until vacancies are filled.

(c) Preferences. VA will give preference to eligible participants who:

(1) Are, or will be, participating in residency programs in health care facilities that are:

(i) Located in rural areas;

(ii) Operated by Indian tribes, tribal organizations, or the Indian Health Services;

or

(iii) Are affiliated with underserved health care facilities of VA.

(2) Veterans.

17.528 Application.

(a) General. A complete application for the SELRP consists of a completed application form, letters of reference, and personal statement.

(b) References. The applicant must provide the following letters of reference and sign a release of information form for VA to contact such references. The letters of reference should include the following:

(1) One letter of reference from the Program Director of the core program in which the applicant is training, which indicates that the applicant is in good to excellent standing, or, for individuals who have yet to initiate training, a letter of reference from a faculty member or dean;

(2) One or more letters of reference from faculty members under which the applicant trained; and

(3) One letter of reference from a peer colleague who is familiar with the practice and character of the applicant.

(c) Personal statement. The personal statement must include the following documentation:

- (1) A cover letter that provides the following information:
 - (i) Why the applicant is interested in VA employment;
 - (ii) The applicant's interest in working at a particular medical specialty and underserved area;
 - (iii) Likely career goals, including career goals in VA; and
 - (iv) A brief summary of past employment or training and accomplishments, including any particular clinical areas of interest (e.g., substance abuse).
- (2) The following information must be provided on a VA form or online collection system and is subject to VA verification:
 - (i) A summary of the applicant's educational debt, which includes the total debt amount and when the debt was acquired. The health professional debt covered the loan must be specific to education that was required, used, and qualified the applicant for appointment as a physician.
 - (ii) The name of the lending agency that provided the educational loan.
- (3) A full curriculum vitae.

(The Office of Management and Budget has approved the information collection requirements in this section under control number XXXX–XXXX.)

§ 17.529 Award procedures.

(a) Repayment amount. (1) VA may pay no more than \$40,000 in educational loan repayment for each year of obligated service for a period not to exceed four years for a total payment of \$160,000.00.

(2) An educational loan repayment may not exceed the actual amount of principal and interest on an educational loan or loans.

(b) Payment. VA will pay the participant, or the lending institution on behalf of the participant, directly for the principal and interest on the participant's educational loans. Payments will be made monthly or annually for each applicable service period, depending on the terms of the agreement. Participants must provide VA documentation that shows the amounts that were credited or posted by the lending institution to a participant's educational loan during an obligated service period. VA will issue payments after the participant commences the period of obligated service. Payments are exempt from Federal taxation.

(c) Waiver of maximum amount of payment. VA may waive the limitations under paragraph (a)(1) of this section to participants of the SELRP if VA determines that there is a shortage of qualified employees due to either the location of where the participant will serve the period of obligated service or the requirements of the position that the participant will hold in VA. However, the waiver may not exceed the actual amount of the principal and the interest on the participant's loans payable to or for that participant.

§ 17.530 Agreement and obligated service.

(a) General. In addition to any requirements under section 5379(c) of title 5, a participant in the SELRP must agree, in writing, to the following:

- (1) Obtain a license to practice medicine in a State;
- (2) Successfully complete post-graduate training leading to eligibility for board certification in a medical specialty;

(3) Serve as a full-time clinical practice employee of VA for 12 months for every \$40,000.00 that the participant receives payment through the SELRP, however, the participant must serve for a period of no fewer than 24 months; and

(4) Except as provided in paragraph (b) of this section, begin obligated service as a full-time VA employee no later than 60 days after completing residency in the medical specialty described in § 17.527(a)(1).

(b) Obligated service. (1) General provision. A participant's obligated service will begin on the date on which the participant begins full-time, permanent employment with VA in the qualifying field of medicine in a location determined by VA. Obligated service must be full-time, permanent employment and does not include any period of temporary or contractual employment.

(2) Location and position of obligated service. VA will provide SELRP participants a list of qualifying medical facility locations. A participant may select a service location from that list. However, VA reserves the right to make final decisions on the location and position of the obligated service.

(c) Exception to commencement of obligated service. If a participant receives an accredited fellowship in a medical specialty other than the specialty described in § 17.27(a)(1), the participant may request, in writing, a delayed commencement of the period of obligated service until after the participant completes the fellowship. However, the period of obligated service will begin no later than 60 days after completion of such fellowship in the medical specialty described in § 17.527(a)(1).

§ 17.531 Failure to comply with terms and conditions of agreement.

A participant of the SELRP who fails to satisfy the period of obligated service will owe the United States government an amount determined by the formula $A = B \times ((T - S) \div T)$, where:

- (a) “A” is the amount the participant owes the United States government.
- (b) “B” is the sum of all payments to or for the participant under the SELRP.
- (c) “T” is the number of months in the period of obligated service of the participant.
- (d) “S” is the number of whole months of such period of obligated service served by the participant.

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